MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BAC1044 – PRINCIPLES OF ACCOUNTING

(All sections / Groups)

10 July 2023

9.00 am. – 11.00 am.

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **SIX (6)** pages excluding a cover page with only **4** questions.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer in the answer booklet provided.

QUESTION 1

Megat Bhd. is a merchandising company which has business operations in Cyberjaya, Selangor. The following balances have been extracted from the books as at 31 December 2022.

Megat Bhd.
Trial Balance
As at 31 December 2022

	Debit (RM)	**Credit (RM)**
Land	2,000,000	
Motor Vehicles	340,000	
Machinery	120,000	
Accumulated Depreciation:		
Motor vehicles		102,000
Machinery		22,800
7% Loan from Bank Islam, 10 Years		400,000
Cash and Bank	74,000	
Account Receivable	83,000	
Inventories, 1 Jan	160,000	
Account Payable		96,000
Share Capital		2,000,000
Supplies	82,000	
Carriage Outwards	22,000	
Carriage Inwards	31,500	
Return Inwards	45,700	
Purchases and Sales	770,000	1,300,000
Discount allowed and Discount received	17,000	15,500
Salaries Expenses	360,000	
Bad Debts	48,700	
Insurance Expense	36,000	
Interest on loan	14,000	
Rental and Maintenance Expenses	42,000	
General Expenses	71,300	
Dividend	160,000	
Retained Earnings, 1 Jan		540,900
	4,477,200	**4,477,200**

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Additional information:

1. Closing inventory at 31 December 2022 was valued at RM80,000.
2. A count on supplies on 31 December 2022 revealed RM22,000 worth still on hand.
3. Half of the interest on the loan has not been paid for the year.
4. Depreciation is to be charged as follows:

Motor Vehicles	20% on straight line method.
Machinery	10% on reducing balance method.

5. Insurance paid in advance was RM7,200.
6. Rental and maintenance of RM5,200 was accrued for the year.

Required:

a) Prepare the Statement of Profit or Loss for the year ended 31 December 2022.

(10 Marks)

b) Prepare the Retained Earnings Statement for the year ended 31 December 2022.

(2 Marks)

c) Prepare the Statement of Financial Position as at 31 December 2022.

(13 Marks)

[Total 25 marks]

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QUESTION 2

Part A

Ozell Bhd's comparative Statements of Financial Position are presented below.

Ozell Bhd.
Comparative Statements of Financial Position
31 December

	2022 Debit (RM)	2021 Credit (RM)
Non-current Assets		
Land	146,000	200,000
Equipment	520,000	400,000
Accumulated depreciation - Equipment	(132,000)	(68,000)
Current Assets		
Inventory	340,000	374,000
Account receivable	182,000	145,000
Prepaid expenses	20,000	10,000
Cash	146,000	66,000
Total Assets	**1,222,000**	**1,127,000**
Equity		
Share capital	432,000	348,000
Retained earnings	388,000	272,000
Non-current Liability		
Bond payable	300,000	400,000
Current Liabilities		
Account payable	70,000	94,000
Accrued expenses payable	32,000	13,000
Total Equity and Liabilities	**1,222,000**	**1,127,000**

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Additional information:

1. Net income for the year 2022 was RM206,000.
2. Depreciation expense was RM64,000.
3. Land was sold for its book value of RM54,000.
4. No equipment was sold during the year 2022.
5. Bond payable amounting to RM100,000 were redeemed for cash RM100,000.
6. Ordinary shares were issued for RM84,000.
7. Cash dividends of RM90,000 were declared and paid for the year 2022.

Required:

Prepare the Statement of Cash Flow for 2022 using indirect method.

(15 Marks)

Part B

Bany Security provides security services in Klang Valley. Selected transactions are presented below.

Oct.	1	Received RM500,000 cash in the business in exchange for ordinary shares.
	2	Paid one month of rent for building for RM3,400.
	4	Purchases equipment for RM20,000, paying RM5,000 cash and the balance on account.
	7	Received bill for equipment repair cost of RM400.
	9	Provided security services for event for RM5,200 on account.
	10	Purchased supplies for RM700 on account.
	12	Paid by check on the balance due from 4 October purchase of equipment.
	16	Received payment from customer for October 9 serviced performed.
	24	Obtained a bank loan of RM150,000 from CIMB.
	31	Paid employee salaries and wages of RM35,000.

Required:

Journalize the above transactions in General Journal form. Explanations are not required.

(10 Marks)

[Total 25 marks]

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QUESTION 3

Kamaliah Manufacturing Sdn.Bhd reports the following costs and expenses for the year ended 31 December 2022.

	RM
Raw materials, 1 Jan	30,000
Raw material purchase	200,000
Indirect materials	16,000
Work in process, 1 Jan	80,000
Finished goods, 1 Jan	110,000
Direct labor	350,000
Factory's manager salary	36,000
Insurance	14,000
Property taxes, factory building	6,000
Sales revenue	1,400,000
Delivery expenses	100,000
Administrative expense	210,000
Factory machine rent	40,000
Indirect labor	85,000
Utilities	60,000
Depreciation, factory building	24,000

Additional Information:

1. Closing inventories balance of October 2022 were as follows:
   - Raw materials RM20,000
   - Work in process RM50,000
   - Finished goods RM120,000

2. Only 65% of the utilities expense and 70% of the insurance expense apply to factory operations. The remaining amount should be charged for selling and administrative activities.

Required:

a) Prepare the Cost of Goods Manufactured Schedule for 2022. (15 Marks)

b) Prepare the Statement of Profit or Loss for the year ended 31 December 2022.

(10 Marks)

[Total 25 marks]

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QUESTION 4

Aurora Luxury SPA is a small-sized salon specializing in hair and beauty treatment care. The SPA is currently preparing the master budget for the last 2 quarters of 2023. The following information has been collected from other portions of the master budget and elsewhere.

Beginning cash balance	RM120,000
Required minimum cash balance	RM100,000
Professional salaries:	
3rd quarter	RM22,000
4th quarter	RM27,000
Overhead costs:	
3rd quarter	RM139,000
4th quarter	RM100,000
Selling and admin costs, including RM6,000 depreciation:	
3rd quarter	RM150,000
4th quarter	RM150,000
Purchase of new equipment (3rd quarter)	RM150,000
Sales of old equipment (4th quarter)	RM10,000
Collection from customers:	
3rd quarter	RM420,000
4th quarter	RM530,000
Interest payments (4th quarter)	RM3,500

Additional Information:

The SPA borrows money from the local bank if necessary to maintain the minimum cash balance. Borrowed money is repaid for the next year when there is an excess cash balance.

Required:

Prepare the Cash Budget for each of the last two quarters of 2023.

[Total 25 marks]

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